



Value of production of agricultural products and foodstuffs, wines, aromatised wines and spirits protected by a geographical indication (GI)

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Leaflet

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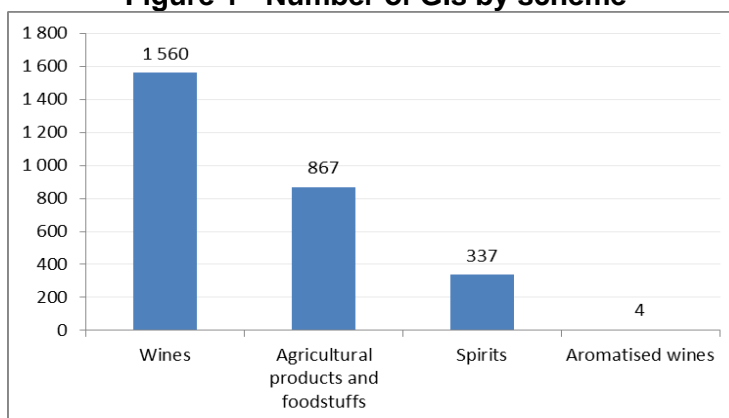
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1. An in-depth description

Geographical indications (GIs) cover a large diversity of products in terms of sector and size. Each European Member State had at least one of the 2 768 names registered in 2010; from 1 in Estonia to 754 in Italy.

GIs were registered according to the following regulations: Reg. (EEC) No 1601/91: aromatised wines; Reg. (EC) No 510/2006: agricultural products and foodstuffs; Reg. (EC) No 1234/2007: wines; Reg. (EC) No 110/2008: spirits.

Figure 1 - Number of GIs by scheme



The study led by AND-International for the European Commission was the first which aimed to collect individual data¹ on each GI registered in the EU 27, in order to assess the economic importance of GIs. Furthermore, the data collected enabled the GI and the non-GI sectors to be compared, notably in terms of prices, in order to calculate a value premium rate (see: box 1).

The data provided were based on European and national statistics, a direct survey of producers and producer groups as well as interviews with experts. When no information was available, in a few cases, data were estimated.

Box 1: value premium rate

The comparison of GI and non-GI prices led to the calculation of a value premium rate. For instance, a value premium rate of 2 means that GI products are sold for twice as much as non-GI products for the same volume.

The method of calculation was as follows:

$$\text{Value premium rate} = \sum (\text{GI volume} \times \text{GI price}) / \sum (\text{GI volume} \times \text{non GI price})$$

This reflected the relative market positioning of each product but did not allow an assessment of the profitability of each supply chain. Indeed, the compliance with GI specifications leads to extra-costs and foregone earnings (limited yields in wine production, defined animal species or vegetal varieties at agricultural stage, maturing in cheese production, curing for meat products...)

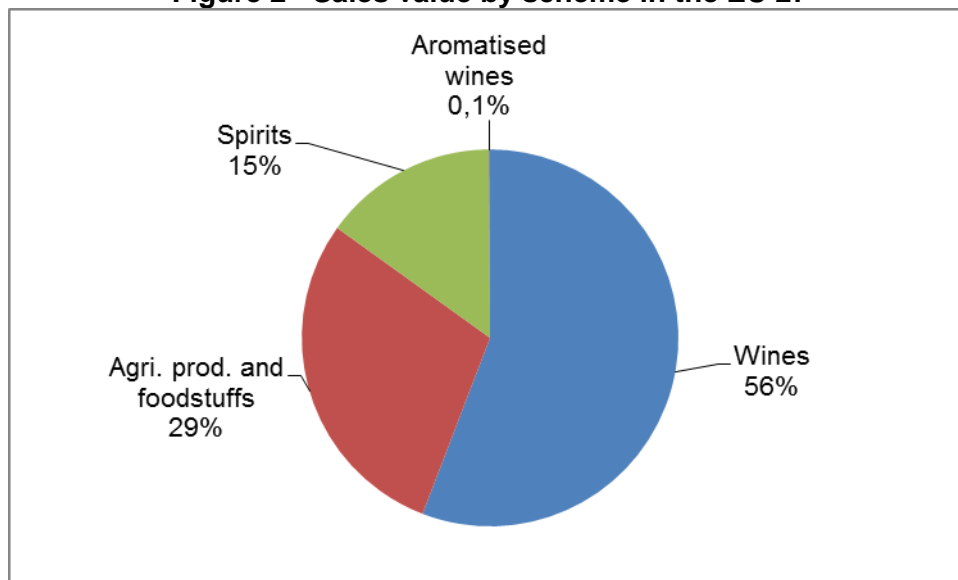
¹ Data collected for each GI: sales volume, sales value and export in 2005-2010.

2. General overview

- **A €54.3 billion market**

The estimate of sales value of GI products in 2010 was €54.3 billion² at the wholesale stage in the region of production. More than the half of this value was accounted for by wines³ (56%); about a third by agricultural products and foodstuffs (29%); 15% by spirits and 0.1% for aromatized wines.

Figure 2 - Sales value by scheme in the EU 27



Source: AND-International survey for DG AGRI

GI sales grew by 12% between 2005 and 2010. The agricultural and food sector saw the greatest increase over the period (+19%), followed by spirits (+14%) and wines (+9%).

Table 1 - Sales value by scheme in the EU 27 between 2005 and 2010 (M€)

	2005	2006	2007	2008	2009	2010	% 2010
Wines	27 963	28 900	30 884	31 363	29 025	30 376	55.9%
Agri. prod. and foodstuffs	13 284	13 457	13 891	14 238	14 525	15 790	29.1%
Spirits	7 168	7 555	8 101	7 793	7 126	8 149	15.0%
Aromatised wines	31	31	31	31	31	31	0.1%
Total	48 446	49 943	52 907	53 425	50 707	54 346	100%

Source: AND-International survey for DG AGRI

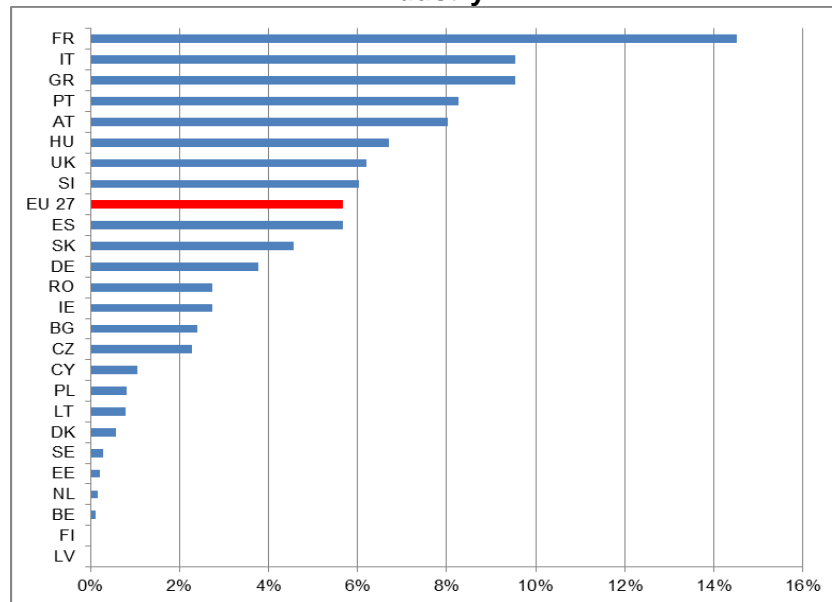
² At the wholesale stage in the region of production, excluding taxes and transport.

³ In the wine sector: bottled price in the national market and bottled/bulk price in export markets.

- **5.7% of the European drink and food industry**

GI sales value accounted for 5.7% of the EU food and drinks industry in 2010 (based on statistics from FoodDrinkEurope). The Member States with the highest share of GI in the national food and drink industry had a long tradition of GI and/or a large share of wine or spirits in the total GI sales value. France was the leading Member State (14.5%) thanks to the importance of its GI wine sector.

Figure 3 - Share of national GIs in the sales value of the national food and drink industry

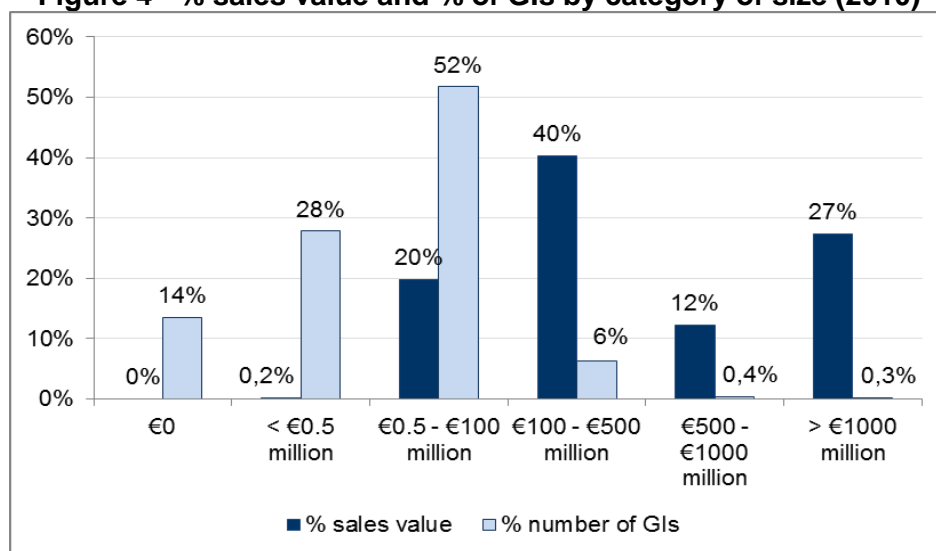


Based on AND-international survey for DG AGRI and FoodDrinkEurope

- **Great diversity of situations**

The average sales value by GI was €19.7 million and 50% were over €1.1 million. The seven GIs over €1 billion gathered 27% of the EU sales value, however, no sales had been identified for 14% of the GIs in 2010.

Figure 4 - % sales value and % of GIs by category of size (2010)



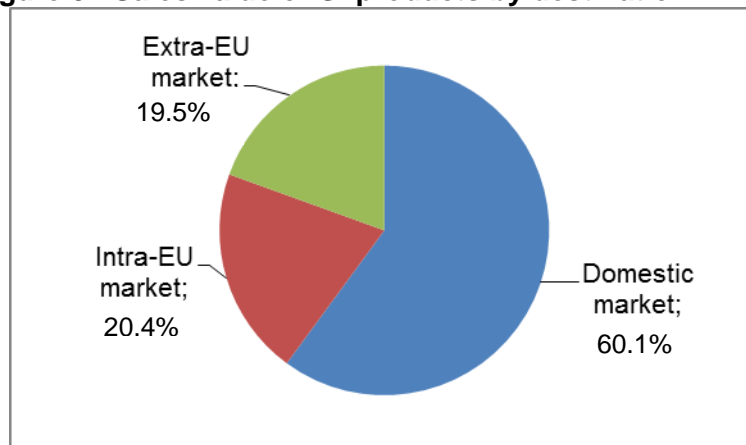
Source: AND-International survey for DG AGRI

- **Some GIs were great exporters**

In 2010, exports of GI products out of the EU 27 represented around 15% of all extra-EU food and beverages exports. The United States had by far the largest share of these, with €3.4 billion of imports of EU GI products (30% of total food and beverages imports from the EU 27). Switzerland, Singapore and Canada came next, with €839 million, €829 million and €729 million respectively.

The overall structure of trade had been fairly stable between 2005 and 2010. The domestic market remained the most important market for GI products with 60.1% of the total sales value, while intra-EU trade reached 20.4% and extra-EU trade 19.5%.

Figure 5 - Sales value of GI products by destination in 2010

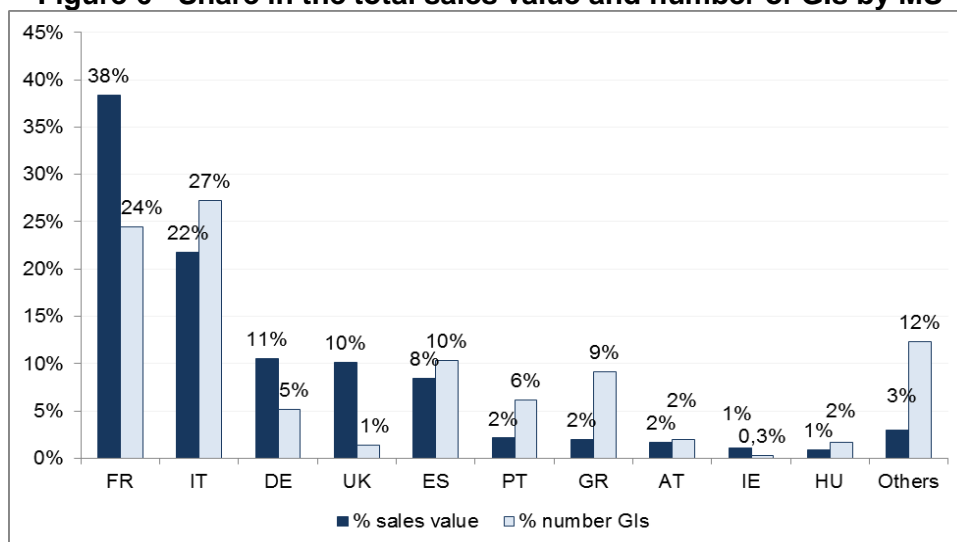


Source: AND-International survey for DG AGRI

3. Focus on Member States

Italy, France, Germany and the United Kingdom gathered 81% of sales value and the 23 other Member states accounted for 19% of EU sales under GI.

Figure 6 - Share in the total sales value and number of GIs by MS



Source: AND-International survey for DG AGRI

- **Important sales and an important share in the food and drink industry: France and Italy**

Italy and France were the two leading Member States for GI; they accounted for 60% of the total sales value under GI. They shared three characteristics: a large number of GIs, a good balance between the different schemes and more than 9% of the national food and drink industry under GI.

GI products have a top-of-the-range positioning as we calculated the value premium rate (see box 1) to be 3.4 in France and 2.4 in Italy.

- **Important sales with a few large scale GIs: Germany and the United Kingdom**

Germany and the United Kingdom ranked third and fourth respectively. These Member States had large scale GIs compared to other Member States, thus Germany and the United Kingdom accounted for 21% of sales value with only 6% of the number of GIs. We can note a variety in products' positioning, from spirits (with a high value premium rate) to fresh meats (with a low value premium rate).

- **Many GIs and an important part of food and drink sales: Spain, Greece, Portugal**

These Member States had 26% of GIs and only 13% of EU GI sales value. However, GIs represented more than 8% of the total food and drinks sector in Greece and Portugal, and 5.6% in Spain.

- **A few large GIs: Ireland, Poland, Czech Republic**

This group of Member States shared the characteristic of Germany and the United Kingdom of large GIs gathering an important share of GI sales value. The main GIs in Ireland and Poland were spirits; the main GIs in the Czech Republic were beers and wines. These three Member States accounted for 2% of EU sales value.

- **Specialisation in wine: Austria, Hungary, Romania, Slovakia, Slovenia, Cyprus and Malta**

These Member States were characterised by a large share of wines in the total sales value under GI (from 79% to 99.9%). These Member States accounted for 3.8% of the EU sales value.

- **Little development of GIs until now: Denmark, The Netherlands, Sweden, Belgium, Luxembourg, Lithuania, Estonia, Finland and Latvia**

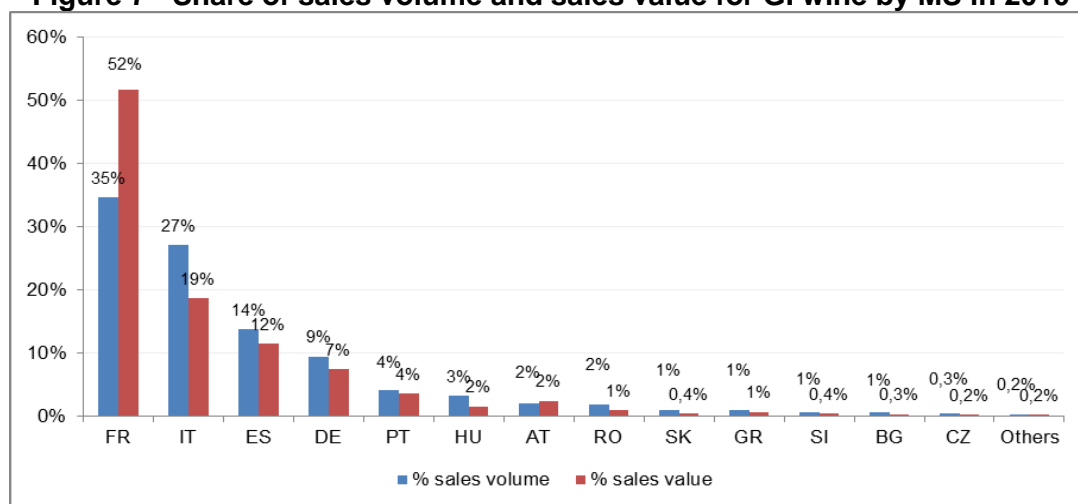
This last group was composed of Member States in which the impact of GIs was still limited in terms of sales value and share in the total food and drink sector (less than 1% in each Member State). Altogether, these nine Member States accounted for only 0.7% of the EU GI sales value.

4. Wine: the leading sector in terms of sales value and number of GIs

The share of GI wine in EU wine sales volume was about 50% from 2005 to 2010: 35% for PDOs and 15% for PGIs. This share differed greatly between Member States: 87% in Germany; 67% in Austria; 66% in France; only 48% in Italy and 32% in Spain.

In 2010, the total sales volume of wine under GI was 87 million hectolitres. Five Member States represented 89%: France, Italy, Spain, Germany and Portugal. The sales value of wine under was €30.8 billion; PDOs represented 85% of the sales value and 69% of the sales volume.

Figure 7 - Share of sales volume and sales value for GI wine by MS in 2010



Source: AND-International survey for DG AGRI

France was the leading Member State in term of sales value (€15.7 billion), thanks to its significant sales volume and high average prices. The second Member State was Italy (€5.7 billion) where the relative importance of GI wines is not as important as in France. Spanish sales value amounted to €3.5 billion (77% of GI sales value).

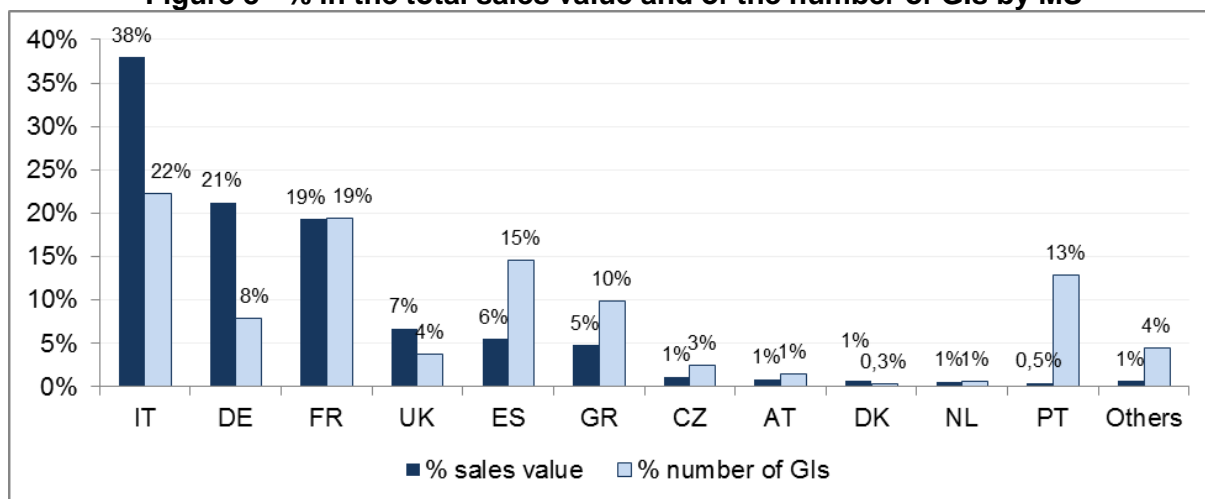
The value premium rate (see box 1) in the wine sector (2.75) is the highest among the different GI schemes.

Indeed, the wine market was built on GI national schemes and within the former European framework: Quality Wine Produced in Specified Region became Protected Designation of Origin; Wine Table with GI became Protected Geographical Indication; and Wine Table without GI became table wine.

5. Fast growth of Agricultural products and foodstuffs sales

In 2010, the total sales value of agricultural products and foodstuffs under GI was €15.8 billion in 2010. Italy, Germany and France were the leading Member States and gathered almost 80% of sales value.

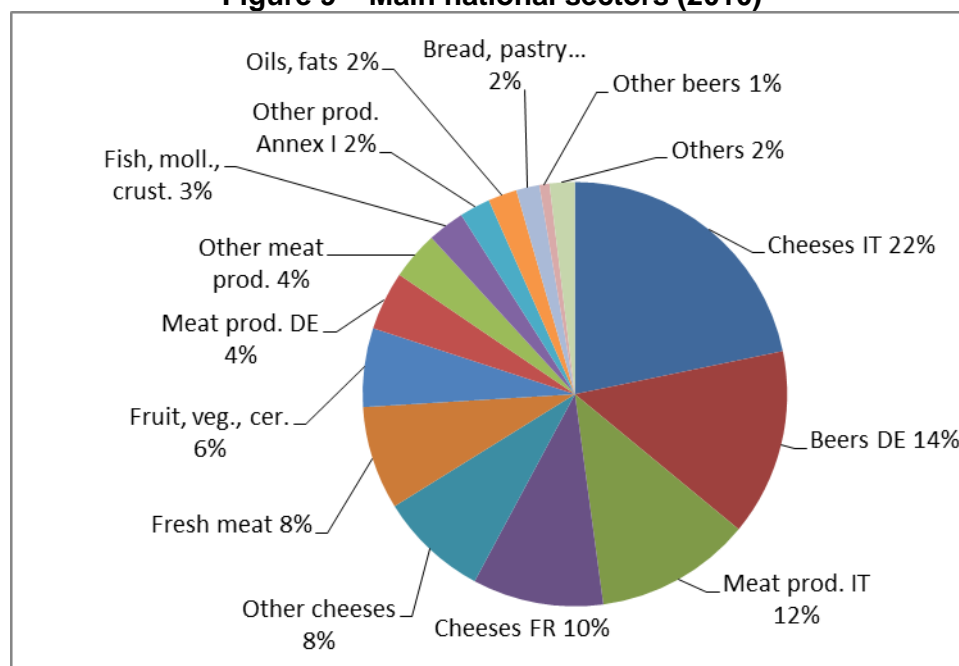
Figure 8 - % in the total sales value and of the number of GIs by MS



Source: AND-International survey for DG AGRI

The main sectors were cheeses (40% of sales value), meat products (20% of sales value) and beers (15% of sales value), fresh meat (8% of sales value) and fruits, vegetables and cereals (6% of sales value).

Figure 9 – Main national sectors (2010)



Source: AND-International survey for DG AGRI

Between 2005 and 2010, the sales value grew by 19% in the agricultural products and foodstuffs scheme. Two-thirds of the growth was due to GI products registered before 2005 and one third was due to registration of new GIs. Thus, non-alcoholic GIs grew faster than the Europe food and drink general market (+13.9%).

The value premium rate is lower in the agricultural and foodstuffs scheme (1.55) than the same ratio in spirits and wines schemes. Processed product sectors matched the highest value premium rates: 1.8 for meat products (cured hams and others), 1.79 for olive oils, 1.62 for beers, 1.59 for cheeses but only 1.29 for fruit, vegetables and cereals and 1.16 for sea products and fresh meat.

- **Cheeses**

In 2010, the sales volume of cheeses under GI in the EU 27 was estimated at 866 000t and the sales value at €6.3 billion. Italy, France and Greece gathered 90% of the sales value. GIs represented 38% of the cheese sector (in volume) in Italy, 10% in France and 54% in Greece.

- **Meat products**

The estimate of the volume of GI meat products sold in the EU 27 in 2010 was 346 000t for €3.2 billion. This category consisted of cured meat (74% of sales value) and cooked meat (26% of sales value). Italy (59% of sales value) and Germany (22% of sales value) were the main Member States in this sector. In Italy, the GI cured meat sector represented 26% of the national sector in 2010 and 5% of cooked meat. In Germany, GIs represented 3.6% of the cured meat sector and 2.8% of the cooked meat sector.

- **Beers**

In 2010, the sales value of beers under GI in the EU 27 was estimated at €2.4 billion (25 million hectolitres). Three Member States produced beers under GI: Germany; the Czech Republic; the United Kingdom. With 12 beers under GI, Germany represented 95% of the sales value. This accounted for 27% of German beer production in volume.

- **Fresh meat**

The sales value of GI fresh meat in the EU 27 in 2010 was estimated at €1.2 billion, and that the sales volume at 253 000t. The United Kingdom was the leading Member State with 57% of sales value, followed by Spain (24%) and France (10%). Bovine was the first GI sector with 46% of EU sales value, it accounted for 80% with poultry and lamb. While most poultry sales under GI were due to French GIs, bovine and lamb sales were spread among several MS. Nevertheless, the United Kingdom remains the leading MS in each of these two GI sectors (lamb and beef). In the United Kingdom, GIs represented 8.1% of bovine sector and 14.1% of lamb sector in term of sales volume.

- **Olive oils**

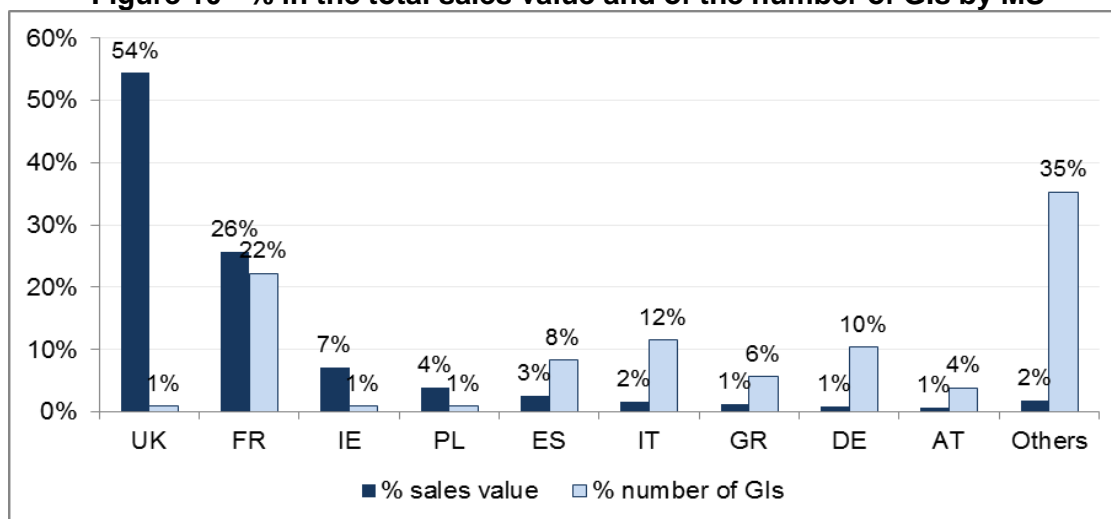
Olive oils gathered a large number of GIs (98) but a limited share of GI sales value (1.3% of sales value of agricultural products and foodstuffs scheme). These GIs are mainly registered in Italy and Spain and accounted for less than 2.5% of the national production in each of these Member States.

6. Spirits under GI were largely sold outside of the EU

The estimate of the GI sales in the spirit scheme was €8.3 billion and 5.2 million of hectolitres of pure alcohol in 2010; it represented 30% of the EU spirits production in volume. Whisky and wine spirit represented 75% of this amount and a few GIs played an important role. The most important MS in terms of sales value were the United Kingdom and France (79% of total sales value) followed by Ireland, Poland, Spain, Portugal, Italy, Greece and Germany.

The value premium rate in spirits scheme was estimated at 2.75, the highest rates being in France and Ireland. The value premium rate was 2.25 in the leading Member State, the United Kingdom.

Figure 10 - % in the total sales value and of the number of GIs by MS



Source: AND-International survey for DG AGRI

With a total value of €4.6 billion in 2010, GI spirits represented about 63% of the total value of extra-EU spirit exports. However, only two designations contributed significantly, making up 98% of total GI spirits exported.

7. Aromatised wines remained marginal among GI schemes

The sales value of these GIs was €31 million in 2010, which represented 0.06% of the total sales of the GI products. The average sales per GI were €7.8 million, higher than the median size of GIs from all schemes.